



# REGULATORY FEES FACT SHEET

Federal Communications Commission  
445 12<sup>th</sup> St., S.W.  
Washington, D.C. 20554

July 2003

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## WHAT YOU OWE – INTERSTATE TELECOMMUNICATIONS SERVICE PROVIDERS (ITSPs)

This *Fact Sheet* pertains to ITSPs; including Competitive Access Providers (CAPs) and Competitive Local Exchange Carriers (CLECs); incumbent local exchange carriers (local telephone operating companies)<sup>1</sup>; interexchange carriers (long distance telephone companies); local resellers; OSPs (operator service providers that enable customers to make away-from-home calls and to place calls with alternative billing arrangements); payphone service providers; prepaid card providers; private service providers; shared tenant service providers; toll resellers; and other local and other toll service providers. These categories are further described below.

In its *FY 1996 Regulatory Fee Report and Order*, the Commission amended its rule regarding the TRS Fund administrator to permit National Exchange Carrier Association (NECA) to process regulatory fees on behalf of its pooling exchange carriers and to submit their consolidated fees to our lockbox bank in a single payment instrument. However, we remind entities subject to regulatory fee payment that the regulatee, not an agent such as NECA, is responsible for ensuring that payment is made, and that there is a penalty for not submitting the entire fee in a timely manner.

**CAP/CLEC:** Competes with incumbent local exchange services or telecommunications services that link customers with interexchange facilities, local exchange networks, or other customers. Includes fixed wireless service providers that are certified as local exchange service providers.

**ILEC:** (Incumbent Local Exchange Carrier). Provides local exchange service. An ILEC generally is a carrier that was at one time franchised as a monopoly service provider. See 47 U.S.C. 251(h).

**IXC:** (Interexchange Carrier). Provides long distance telecommunications services, primarily through switches or circuits that it owns or leases.

**Local Reseller:** Provides local exchange or fixed telecommunications services by reselling services of other carriers.

**OSP:** Serves customers needing operator assistance to complete calls, or needing alternate billing arrangements such as collect calling.

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<sup>1</sup> We will permit the holding company of local exchange carriers to aggregate fee payments due by its operating companies and submit a single payment to cover the fee requirements of its subsidiaries.

**Payphone Service Provider:** (Also referred to as payphone aggregators). Provides customers access to telephone networks through payphone equipment, special teleconference rooms, etc.

**PrePaid Card Provider:** Provides prepaid calling card services by selling prepaid calling cards to the public or to retailers. Prepaid card providers typically resell the toll service of other carriers and determine the price of the service by setting the price of the card and controlling the number of minutes for which the card can be used.

**Toll Reseller:** Provides long distance telecommunications services primarily by reselling the long distance telecommunications services of other carriers.

**Other Local and Other Toll Service Providers:** Other providers of local exchange or toll services, including private service providers (which offer telecommunications services to others and includes companies that offer excess capacity on a private system that is used primarily for internal purposes) and shared tenant service providers (which manage or own multi-tenant locations that provide telecommunications services or facilities to tenants for a fee).

#### **Fee Payment Amount and Payment Type Code for ITSPs**

**Fee Payment Amount:** \$0.00199 per revenue dollar

**Payment Type Code:** 0372

#### **Form 159-W & Form 499-A**

Attached to this *Fact Sheet* is a FCC-prepared version of the Form 159-W using information that you had previously provided on Form 499-A. Your Form 499-A was due on April 1, 2003. The enclosed FCC-prepared Form 159-W is based on the information in your Form 499-A, including any updates processed by July 1, 2003. The enclosed FCC-prepared Form 159-W contains the critical information for Form 159.

**If you agree** with the dollar amounts on the enclosed FCC-prepared Form 159-W, you may sign it and submit it in lieu of your Form 159. If the Applicant TIN, FRN-CORESID, or the company name/address information need to be filled in or corrected on your enclosed FCC-prepared Form 159-W, you may do so, and still use that form in lieu of the Form 159.

**If you disagree** with the dollar amounts or any other information on the enclosed FCC-prepared Form 159-W, you must complete the blank Form 159-W attached to this notice and complete a Form 159, and then submit both the Form 159-W and the Form 159. Note that corrections to Form 159-W do not change or affect the validity of your previously-filed Form 499-A.

#### **Question 1. What is the Form 499-A Telecommunications Reporting Worksheet?**

As required under the Communications Act of 1934, as amended,<sup>2</sup> the Commission has established, in a series of separate proceedings, procedures to finance interstate telecommunications relay services (TRS), universal service support mechanisms, administration

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<sup>2</sup> 47 U.S.C. §§ 151, 225, 251, 254.

of the North American Numbering Plan (NANPA), and shared costs of local number portability (LNPA). To accomplish these Congressionally directed objectives, contributions are collected from all telecommunications carriers providing interstate telecommunications and certain other providers of telecommunications. In 1999, the Commission amended its rules so that for the purpose of determining their contribution(s), contributors to these mechanisms need only file the Form 499-A Telecommunications Reporting Worksheet.<sup>3</sup> The Form 499-A is filed by interstate service providers each year on April 1. A copy of the form and instructions can be downloaded at <http://www.fcc.gov/formpage.html>.

## **Question 2. Which companies must file a Form 499-A?**

All providers of telecommunications within the United States, with very limited exceptions, must file a Form 499-A.<sup>4</sup> For this purpose, the United States is defined as the contiguous United States, Alaska, Hawaii, American Samoa, Baker Island, Guam, Howland Island, Jarvis Island, Johnston Atoll, Kingman Reef, Midway Island, Navassa Island, the Northern Mariana Islands, Palmyra, Puerto Rico, the U.S. Virgin Islands, and Wake Island. As a general matter, each legal entity that provides interstate telecommunications services for a fee, including each affiliate or subsidiary of an entity, must complete separately and file a copy of the Form 499-A. The Commission, however, has adopted an exception to the separate legal entity requirement, which enables contributors meeting certain criteria to file the Form 499-A on a consolidated basis.

For purposes of determining whether an entity provides telecommunications, please note that the term "telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received. For the purpose of filing, the term "interstate telecommunications" includes, but is not limited to, the following types of services: wireless telephony including cellular and personal communications services (PCS); paging and messaging services; dispatch services; mobile radio services; operator services; access to interexchange service; special access; wide area telecommunications services (WATS); subscriber toll-free services; 900 services; message telephone services (MTS); private line; telex; telegraph; video services; satellite services; and, resale services. Note, for example, that all local exchange carriers provide access services and, therefore, provide interstate telecommunications.

Note also that entities must file this worksheet, and are subject to the universal service contribution requirement, if they offer interstate telecommunications for a fee to the public even if only a narrow or limited class of users could utilize the services. Included are entities that provide interstate telecommunications to entities other than themselves for a fee on a private, contractual basis. In addition, owners of pay telephones, sometimes referred to as "pay telephone aggregators," must file this worksheet. Most telecommunications carriers must file this

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<sup>3</sup> 1998 Biennial Regulatory Review -- Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Services, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, CC Docket No. 98-171, Report and Order, 14 FCC Rcd 16602 (1999) (*Contributor Reporting Requirements Order*).

<sup>4</sup> Section 254(d) applies not only to "every telecommunications carrier that provides interstate telecommunications services" but also to certain "other providers of interstate telecommunications." 47 U.S.C. § 254(d) (emphasis added).

worksheet even if they qualify for the *de minimis exemption* under the Commission's rules for universal service.<sup>5</sup>

**Question 3. Should all Form 499-A filers also pay ITSP regulatory fees?**

No. Interstate service providers that have mobile service or satellite service revenues, but no interstate local revenues or interstate toll revenues, are exempt. Interstate service providers that provide service to only other carriers are exempt. Governmental entities are exempt. Carriers whose total regulatory fee payment obligation would be less than \$10 are exempt. However, the vast majority of Form 499-A filers are required to pay ITSP regulatory fees.

**Question 4. Should a carrier make a regulatory fee payment if it has not filed a Form 499-A?**

Yes. If a telecommunications carrier provided interstate telecommunications services in 2002, then it should have filed a Form 499-A and must also pay the common carrier based regulatory fee. This form was due on April 1, 2003 and should have contained revenue information for calendar year 2002. Carriers who have not yet filed the Form 499-A should contact (973) 560-4400 in order to obtain a filing package and to be assigned a 6 digit Filer 499 ID number. If a carrier has forgotten its Filer 499 ID (formerly referred to as the TRS Fund identification number) it may contact the Universal Service administrator at (973) 560-4400, or it may be able to find it in the *Carrier Locator: Interstate Service Providers* [http://www.fcc.gov/Bureaus/Common\\_Carrier/Reports/FCC-State\\_Link/trs.html](http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/trs.html).

**Question 5. What type of revenues are reported on the Form 499-A?**

The Form 499-A requires filers to disclose all revenues, including revenues from non-regulated and non-telecommunications services. Detailed information is provided for telecommunications services provided to other carriers, for telecommunications provided to end-users, and for other services. The detailed information is used to classify revenues. Only certain revenues are subject to the ITSP regulatory fee.

**Question 6. When calculating the ITSP regulatory fee, what kind of costs can be deducted from revenues that appear on Form 499-A?**

None. The ITSP regulatory fee is based on interstate and international end-user revenues for local and most toll services. Other types of revenues included on Form 499-A are excluded. Filers are not allowed to deduct any expenses from subject end-user revenues.

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<sup>5</sup> See *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Further Notice of Proposed Rulemaking and Report and Order, 17 FCC Rcd 3752 (2002).

**FCC FORM 159-W**  
**INTERSTATE TELEPHONE SERVICE PROVIDER WORKSHEET**

Payer Name:	Filer 499 ID (FCC Form 499-A, Line 101):	
<b>Calendar Year 2002 Revenue Information (show amounts in whole dollars)</b>		
1	Service provided by U.S. carriers that both originates and terminates in foreign points. FCC Form 499-A, Line 412 (e)	
2	Interstate end-user revenues from all telecommunications services. FCC Form 499-A, Line 420 (d)	
3	International end-user revenues from all telecommunications services except international-to-international. FCC Form 499-A, Line 420 (e)	
4	Total end-user revenues (Sum of lines 1, 2 and 3) Also enter this number on Block (28A) - FCC Code 1.	
5	End-user interstate mobile service monthly and activation charges. FCC Form 499-A, Line 409 (d)	
6	End-user international mobile service monthly and activation charges. FCC Form 499-A, Line 409 (e)	
7	End-user interstate mobile service message charges including roaming charges but excluding toll charges. FCC Form 499-A, Line 410 (d)	
8	End-user international mobile service message charges including roaming charges but excluding toll charges. FCC Form 499-A, Line 410 (e)	
9	End-user interstate satellite services. FCC Form 499-A, Line 416 (d)	
10	End-user international satellite services. FCC Form 499-A, Line 416 (e)	
11	Surcharges on mobile and satellite services identified as recovering universal service contributions and included in Line 403 (d) or 403 (e) on your FCC Form 499-A. <b>Note: You may not include in Block 11 universal service pass-through surcharges applied to local or toll services, nor any surcharges identified as intrastate surcharges.</b>	
12	Interstate and international revenues from resellers that do not contribute to USF. FCC Form 499-A, Line 511 (b)	
13	Total excluded end-user revenues. (Sum lines 5 through 12.) Also enter this number on Block (29A) – FCC Code 2.	
14	Total subject revenues. (Line 4 minus Line 13) Also enter this number on Block (25A) – Quantity.	
15	Interstate telecommunications service provider fee factor	.00199
16	2003 Regulatory Fee (Line 14 times Line 15). Also enter this number on Block (27A) – Total Fee. You are exempt from filing if the sum of all regulatory fees due on Line 16 is less than \$10. If you file, using this form, you must also complete a FCC Form 159, and <b>include a copy of this FCC Form 159-W.</b>	

**APPROVED BY OMB  
3060-0949**

**FCC NOTICE TO INDIVIDUALS REQUIRED BY THE PAPERWORK REDUCTION  
ACT**

The public reporting for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the required data, and completing and reviewing the collection of information. If you have any comments on this burden estimate, or how we can improve the collection, please write to the Federal Communications Commission, AMD-PERM, Paperwork Reduction Project (3060-0949), Washington, DC 20554. We will also accept your comments via the Internet if you send them to [jboley@fcc.gov](mailto:jboley@fcc.gov). PLEASE DO NOT SEND COMPLETED FORMS, TO THIS ADDRESS.

You are not required to respond to a collection of information sponsored by the federal government, and the government may not conduct or sponsor a collection, unless it displays a currently valid OMB control number. This collection has been assigned an OMB control number of 3060-0949.

**THE FOREGOING NOTICE IS REQUIRED BY THE PAPERWORK REDUCTION  
ACT OF 1995, P.L. 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.**

**FCC FORM 159-W  
July 2003**

## Special Instructions for Completing FCC Forms 159 & 159-C

In addition to the general Form 159 filing instructions in the *FY 2003 Regulatory Fees Public Notice*, the following information applies specifically to ITSP regulatees:

### Block (9) - Telephone Number:

- Enter the contact name and telephone number of the specific individual responsible for submitting the payment and supporting Form 159 and Form 159-C.

### Block (11) - PAYER FRN:

- Enter the fee payer's FRN number.

### Block (21) - APPLICANT FRN:

- If different from payer, enter the applicant's FRN number.

### Block (23A) - FCC CALL SIGN/OTHER ID:

- ITSPs should enter their Filer 499 ID number (Form 499-A, Line 101).

### Block (24A) - PAYMENT TYPE CODE:

- Enter 0372 when paying for an ITSP regulatory fee (\$0.00199 per revenue dollar).

### Block (25A) - QUANTITY:

- First complete Blocks 28A (FCC CODE 1) and 29A (FCC CODE 2) on the Form 159 (see instructions below).
- ITSPs should subtract the amount in Block 29A (FCC CODE 2) from the amount in Block 28A (FCC CODE 1) and enter the Telecommunications Reporting Worksheet end user revenue. This should be the same as Line 14 of the Form 159-W.

### Block (27A) - TOTAL FEE:

- For ITSP regulatory fees (payment type code 0372), multiply the amount in Block 25A (Quantity) by \$0.00199. This amount should be the same as Line 16 of the Form 159-W. **Enter exact dollars and cents; do not round.**

### Block (28A) - FCC CODE 1:

- For ITSP regulatory fees (payment type code 0372), enter the total end-user revenues. This amount should be the same as Line 4 of the Form 159-W. **Enter exact dollars and cents; do not round.**

### Block (29A) - FCC CODE 2:

- For ITSP regulatory fees (payment type code 0372), the amount entered in Block 29-A should be the same as the amount on Line 13 of the Form 159-W. This amount is excluded from the interstate and international end-user revenues that are used to calculate the telephone service provider fee. Exclusions are limited to:
  - Interstate and international end-user revenues from mobile services;
  - Interstate and international end-user revenues from satellite services;
  - Interstate and international end-user revenues from services provided to resellers that do not contribute to USF; and
  - Any surcharges levied on the interstate and international end-user revenues from the

above revenues (i.e. mobile services, satellite services, and services provided to resellers that do not contribute to USF).

Block (30) - CERTIFICATION:

- Provide the printed name and signature of an individual owner/licensee or officer attesting to the accuracy and completeness of the information supplied.

**Please include a daytime telephone number so that we can contact you if questions arise regarding your payment.**

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